

Aperio (now part of BlackRock) offers a wide range of customization options for advisors seeking to construct a client-specific public equity solution tailored to the client’s customization choices. These options, whether standalone or in combination, may better meet each client’s unique needs regarding taxes, risks, and values. The following are general descriptions and serve as a starting point for Aperio’s custom solutions. Please contact Aperio to discuss further.

Benchmark/Market Exposures

- Standard
 - US Total Market
 - US Large Cap
 - US Mid Cap
 - US Small Cap
 - US Large/Mid Cap
 - US Small/Mid Cap
 - US REITs
 - Global Developed & Emerging
 - Global Developed
 - International Developed & Emerging
 - International Developed
 - International Developed ex Canada
 - Global Natural Resources
- **Blended Benchmarks:** Clients may select their individual, custom, market exposure weights in order to reflect allocations that differ from standard market-cap-weighted benchmarks (e.g., 75% US index + 25% International index). This offers the potential for better tax- and cost-efficient management than placing each strategy in its own SMA.

Tax Management

- Tax Rates: > State > Federal
- Tax-Loss Harvesting: > Tax Neutral > Light > Standard > Aggressive > Tax-Rate Arbitrage
- Gain Harvesting: > Standard

Factor-Based Investing (Factor-Tilted or Smart Beta Solutions)

- Aperio Preconfigured Factor Strategies

Beta-1	Lower Risk
<ul style="list-style-type: none"> • Value • Value + Small Size • Value + Momentum • High Dividend Yield • Multi-Factor 	<ul style="list-style-type: none"> • Quality • Quality Light • Minimum Volatility + Value
- Factors Available for Tilting

<ul style="list-style-type: none"> • Book-to-Price • Earnings Yield • Dividend Yield • Size • Momentum • Earnings Quality 	<ul style="list-style-type: none"> • Investment Quality • Earnings Variability • Profitability • Leverage • Beta • Volatility
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- Also Available: Industries, Countries, Regions

SRI-ESG (Values/Mission Alignment)

- Accounts over \$1 million: see the Aperio [SRI-ESG customization menu](#).
- Accounts over \$5 million where the SRI-ESG menu does not adequately address the investors’ values and/or mission: Aperio will build a bespoke social profile.

Services and Analyses

Aperio offers personalized services and analyses beyond just managing portfolios.

Tools and Analysis

- [Tax Transition Analysis](#)
- [Charitable Donation Analysis](#)
- [Concentrated Stock Diversification Analysis](#)
- [Client Tax Preferences](#)
- [ETF Solutions](#)

Specialized Trading

- [Gain Harvesting](#)
- [Offset Portfolios](#)

Consulting

- [Tax Economics Consulting](#)
- [Tax Modeling](#)
- [State Tax Guide](#)

Reporting

- [After-Tax Monthly Performance](#) (including use of [shadow benchmarks](#))
- [Performance Attribution Reports](#)
- [SRI Reports](#)

DESCRIPTIONS

Blended Benchmarks

- Reporting on the blended benchmark will be provided. Individual components are not broken out. See [sample report](#).
- While clients can revise their allocations as their views evolve, this is not intended to be used as a market timing vehicle. Allocation shifts can result in tax consequences.

Tax Management*

(*We provide this information with the understanding that we are not engaged in rendering legal, accounting, or tax services.)

Tax Rates

Use this section to indicate tax rates including a state tax rate. Can also be used to indicate AMT.

Tax-Loss Harvesting

- **Tax Neutral:** Aims to minimize tax liability, but no loss harvesting occurs. Very high emphasis is placed on forecast tracking error. This option may be appropriate for clients who do not expect to realize gains outside the Aperio portfolio or who want to focus primarily on the management of tracking error.
- **Light:** Loss harvesting occurs to a lesser extent while high emphasis is placed on tracking error. This option may be appropriate for clients who have expressed a preference for some degree of tax benefit from loss harvesting but have a lower tolerance for increases in tracking error.
- **Standard:** Balances tax-loss harvesting with forecast tracking error. This option may be appropriate for clients who have expressed a preference for a moderate degree of loss harvesting and can tolerate larger increases in tracking error compared to the Light option. The majority of Aperio's clients use Standard Loss Harvesting.
- **Aggressive:** Loss harvesting occurs to a greater extent while low emphasis is placed on tracking error. This option may be appropriate for clients who can tolerate larger increases in tracking error in exchange for better tax impact. For clients who have booked or expect to book significant capital gains in the current year, Aggressive Loss Harvesting may be appropriate, assuming a higher tolerance to tracking error.
- **Tax-Rate Arbitrage:** Standard tax-loss harvesting is combined with the deliberate realization of small long-term gains to create the potential for a greater amount of short-term losses in the future. This option may be appropriate for clients who have expressed an interest in offsetting a greater amount of their short-term gains and are willing to risk realizing a tax liability that may or may not be offset.

Gain Harvesting

This option may be appropriate for investors needing gains to cover income requirements on a bond covenant or for other internal fiscal and tax management reasons.

DISCLOSURE

The information contained within this document was carefully compiled from sources Aperio believes to be reliable, but we cannot guarantee accuracy. We provide this information with the understanding that we are not engaged in rendering legal, accounting, or tax services. In particular, none of the examples should be considered advice tailored to the needs of any specific investor. We recommend that all investors seek out the services of competent professionals in any of the aforementioned areas.

With respect to the description of any investment strategies, simulations, or investment recommendations, we cannot provide any assurances that they will perform as expected and as described in our materials. Past performance is not indicative of future results. Every investment program has the potential for loss as well as gain.